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Q2 FY'24 Earnings Presentation

May 29, 2024

Brent Ashton – CEO
Katie Martinovich – Interim CFO

Compassionate solutions designed for patients and made for care providers

Forward-Looking Statements and Non-GAAP Financial Information

Certain statements included in this presentation may be considered forward-looking statements. These forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “estimate”, “expect”, “intend” and statements that an event or result “may”, “will”, “should”, “could”, or “might” occur or be achieved and other similar expressions. More specifically, this presentation contains forward-looking statements which include, but are not limited to statements regarding: the Company’s corporate strategy and strategic objectives; the availability of external financing to fund the Company’s ongoing liabilities and commitments; and economic events. These forward-looking statements involve risk and uncertainties, including the impact on the Company given its current liquidity situation, the difficulty in predicting product approvals, acceptance of and demands for new products, the impact of the products and pricing strategies of competitors, delays in developing and launching new products, the regulatory environment, fluctuations in operating results, and other risks, any of which could cause results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. Such forward-looking statements should not be taken as guarantees of future performance of Covalon.

All forward-looking statements are based on Covalon’s current beliefs as well as assumptions made by and information currently available to Covalon and relate to, among other things, anticipated financial performance, business prospects, partnership opportunities, strategies, regulatory developments, market acceptance and future commitments. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation.

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Certain financial measures in this presentation – namely earnings before interest, depreciation and amortization (“EBITDA”), adjusted EBITDA, pro-forma EBITDA, free cash flow and enterprise value – are non-GAAP financial measures. While Covalon and certain of its competitors measure and evaluate the performance of their respective consolidated operations and business segments with reference to these and similar measures, non-GAAP measures do not have any standardized or prescribed meaning under IFRS Accounting Standards or otherwise and therefore are unlikely to be comparable to similar measures presented by other companies. These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS Accounting Standards. All non-GAAP measures are included because management monitors and uses the information on a regular basis to analyze the performance of the business and therefore may be considered useful information.

For further information about the risks and uncertainties relating to forward-looking statements included in this Memorandum, the recipient should consult the “Risks and Uncertainties” section of Covalon’s annual MD&A dated January 26th, 2024, as well as those contained in Covalon’s interim MD&As and other public record filings on SEDAR+.

All figures are in Canadian dollars, unless otherwise noted, and Covalon’s fiscal year end is September 30th.

Q2 Results Demonstrate Solid Focus and Execution

- Positive EBITDA of $1.7 million and Adjusted EBITDA of $2.5 million
  - Achieved through substantial restructuring, prioritized efforts, and focused execution over the past 8 months
  - First positive EBITDA quarter in over 2 years
- Strong overall YoY revenue growth of 16%
  - Led by focus on US Product segment - revenue up 54% YoY
- Identification of, and solid initial progress on, key foundational activities to position company for future success

"We delivered a very strong second quarter – a testament to the value that our products bring to our customers and their patients as well as the hard work of our One Covalon team.
The combination of high revenue growth, expanded operating margins and smarter, reduced operating expenses propelled us to a return to profitability as a company. We are building momentum and are very optimistic about the remainder of fiscal 2024 and beyond".

Brent Ashton
Covalon CEO

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Covalon Has Created 3 Focused Business Platforms

Covalon is where where compassion meets innovative technology. Our commitment to transforming healthcare goes beyond technology—it's about infusing care with empathy, understanding, and a relentless pursuit of excellence

Advanced Wound Care

Vascular Access & Post-Operative Dressings

Medical Device Coatings

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**Covalon's solutions can play a role supporting industry guidelines aimed at infection control. Covalon does not make any claims that its products prevent or reduce the incidence of infection or the transmission of disease. For all products, refer to the intended use. Claims may differ depending on region.*
*** Various Market Research sources including Grand View Research and Market Research Future*

Q2 FY'24 Financial Results

Q2 Key Financial Metrics

Total Revenue
$8.41 M
16.1% YoY Growth

Product Revenue
$8.39 M
37.3% YoY Growth

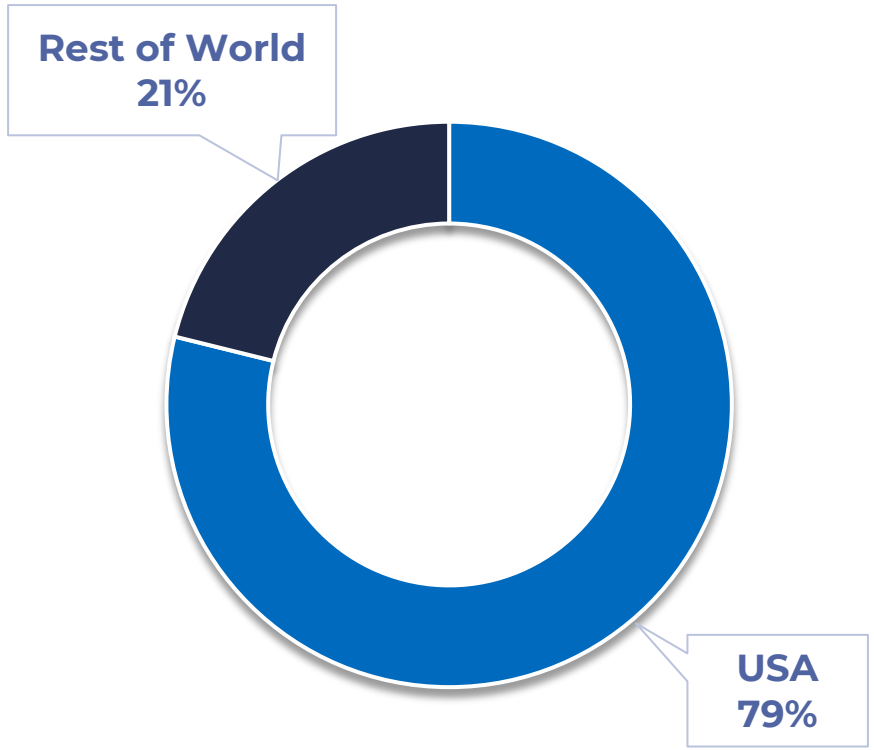
Gross Profit
63.1%
560 bps YoY improvement

Operating Expenses
$3.83 M
YoY reduction of 21.8%

Net Income
$1.46 M
$2.16 M YoY improvement

Adjusted EBITDA
$2.49 M
$2.96 M YoY improvement

Q2 Revenues By Geographies



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Q2 FY'24 P&L / EBITDA

	Q2 FY'24	Q2 FY'23	Delta
Revenue	**$8.4**	**$7.2**	**+ 16.1%**
Gross Profit (Gross Margin)	**$5.3** (63.1%)	**$4.2** (57.5%)	**+ 560 bps**
Operating Expenses (% to Revenue)	**$3.8** (45.4%)	**$4.9** (67.5%)	**- 2,210 bps**
EBITDA (% to Revenue)	**$1.7** (20.3%)	**-$0.5** (-6.4%)	**+ $2.2**
Adjusted EBITDA (% to Revenue)	**$2.5** (29.6%)	**-$0.5** (-6.5%)	**+ $3.0**
Net Income	**$1.5**	**-$0.7**	**+ $2.2 M**
EPS (cents per share)	**$.06**	**-$0.03**	**+ $.09**

Revenue growth led by US Product Sales (+54% YoY)

Margin improvement from investments in in-house manufacturing and strong product mix

Operating expense improvement driven by lower but more effective sales and marketing investments

All $ figures in $CAD millions (except for EPS which is in $USD)

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Q2 FY'24 Balance Sheet and Cash

	Q3 FY'23	Q4 FY'23	Q1 FY'24	Q2 FY'24
Cash	**$9.2**	**$8.8**	**$8.3**	**$7.3**
Net Working Capital	**$18.6**	**$16.1**	**$14.7**	**$16.9**
Shareholders' Equity	**$21.1**	**$18.8**	**$17.7**	**$19.8**
Debt	**$----**	**$----**	**$----**	**$----**
Current Ratio	**5.4**	**4.1**	**4.8**	**6.8**

Stabilizing cash position

Strong improvement in Net Working Capital and Shareholders' Equity

Zero Debt

All $ figures in $CAD millions

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Building Momentum for an Exciting Future

Solid Financial Position

- Zero debt and stabilized cash position
- Expanding gross profit margins
- Right-sized operating expenses

Valued Product Offerings

- Our products help to solve challenging clinical problems
- Peer-to-peer recommendations and marketing investments driving increased awareness and adoption

Strong Future Growth Potential

- Favorable market trends
- Robust hopper of opportunities
- Energized and focused team – building new culture

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Covalon's Value is Recognized by Leading Health Systems

Strong relationships with leading Children's Hospitals

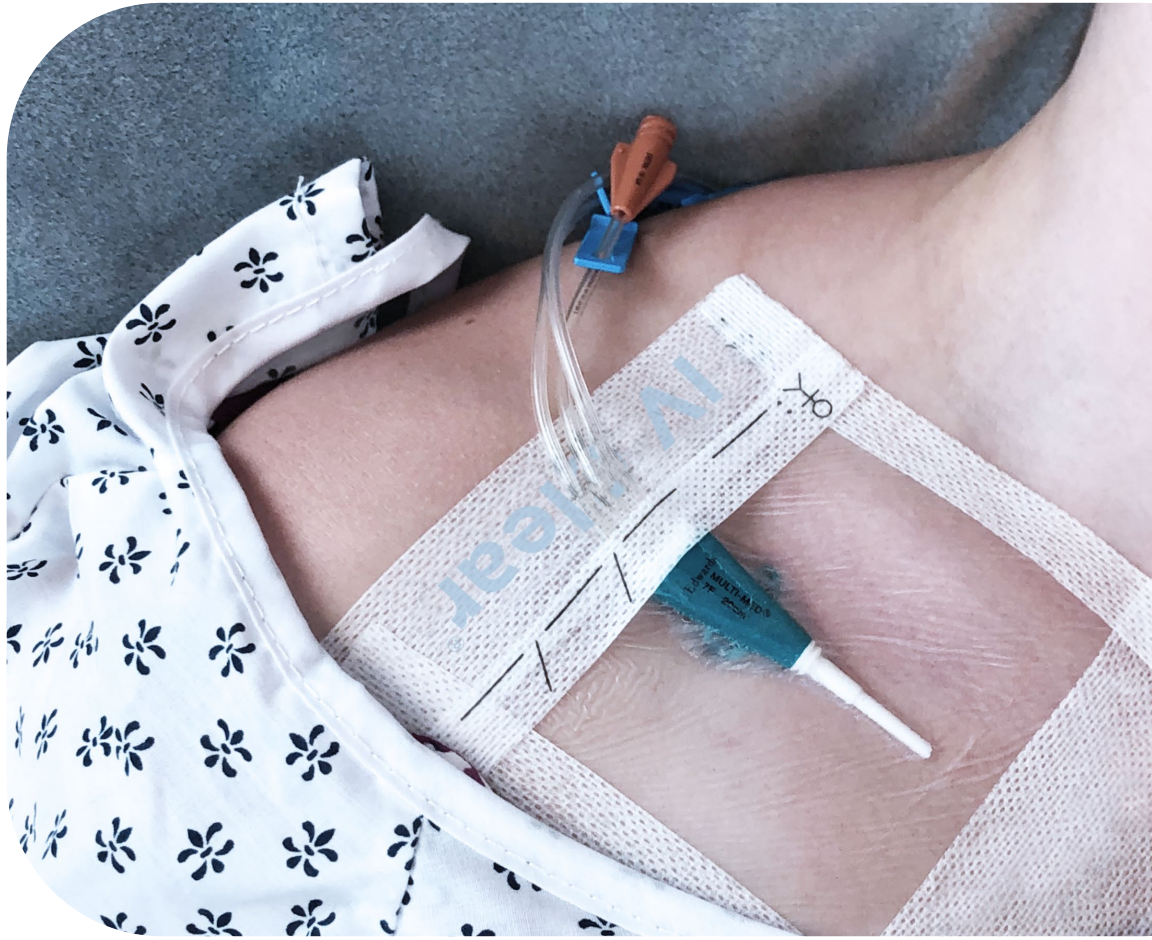
Cincinnati Children's
Boston Children's Hospital
Texas Children's Hospital
Children's Hospital of Philadelphia
Children's National
Johns Hopkins All Children's Hospital
Children's Hospital Colorado
Lucile Packard Children's Hospital Stanford
Children's Healthcare of Atlanta
Seattle Children's Hospital • Research • Foundation
Children's Hospital • St. Louis
children'shealth Children's Medical Center Dallas
Children's Minnesota
Intermountain Children's Health
Ann & Robert H. Lurie Children's Hospital of Chicago
CHOC
Phoenix Children's

Solid progress made with leading providers in the United States and Internationally

Cedars Sinai
Memorial Sloan Kettering Cancer Center
UPMC Life Changing Medicine
Kaiser Permanente
Hackensack Meridian Health
Northside Hospital
Intermountain Healthcare
Advocate Good Samaritan Hospital
Banner Health
AdventHealth Shawnee Mission
HCA Healthcare
YaleNewHaven Health
Orlando Health
Dignity Health
Hospital Israelita Albert Einstein
covalon Technologies Ltd.
UCSF Health
Mayo Clinic
UTHealth The University of Texas Health Science Center at Tyler
Beth Israel Lahey Health Beth Israel Deaconess Medical Center
مدينة الملك سعود الطبية King Saud Medical City

Summary

- Q2 was a strong outcome – the result of great work from the One Covalon team
- We have line of sight to continuing the momentum of the business – for the remainder of FY'24 and beyond
- Extensive foundational work initiated - will unlock significant value realization for Covalon



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Q&A

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